

House File 221 - Introduced

HOUSE FILE 221

BY ALONS, HUSEMAN, J. SMITH,
BRANDENBURG, and CHAMBERS

A BILL FOR

1 An Act excluding individual retirement account conversions from
2 the computation of net income and including retroactive
3 applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

H.F. 221

1 Section 1. Section 422.7, Code 2011, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 54. Subtract, to the extent included, the
4 income from a qualified rollover contribution. For purposes
5 of this subsection, "*qualified rollover contribution*" means
6 a distribution to which section 408A(d)(3) of the Internal
7 Revenue Code applies.

8 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
9 retroactively to January 1, 2011, for tax years beginning on
10 or after that date.

11 EXPLANATION

12 This bill excludes income from the conversion of certain
13 individual retirement plans from the individual income tax.

14 The federal Internal Revenue Code (IRC) provides certain
15 tax-advantaged retirement investment plans known as individual
16 retirement accounts (IRAs) and allows for the conversion from
17 one type of individual retirement account to another. The IRC
18 provides that such a conversion is includable in the taxpayer's
19 gross income for purposes of the income tax.

20 The bill allows Iowa taxpayers to deduct such income for
21 purposes of the state individual income tax.

22 The bill applies retroactively to January 1, 2011, for tax
23 years beginning on or after that date.